

**Community Renewal International, Inc.  
(Formerly)  
Shreveport-Bossier Community Renewal, Inc.  
Shreveport, Louisiana**

**Consolidated Financial Statements With Auditors' Report  
For the Years Ended December 31, 2008 and 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/7/10

Community Renewal International, Inc.  
(Formerly)  
Shreveport-Bossier Community Renewal, Inc.  
Shreveport, Louisiana

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# COOK & MOREHART

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## Independent Auditors' Report

To the Board of Directors  
Community Renewal International, Inc. (Formerly)  
Shreveport-Bossier Community Renewal, Inc.  
Shreveport, Louisiana

We have audited the accompanying consolidated statements of financial position of Community Renewal International, Inc. (formerly Shreveport-Bossier Community Renewal, Inc.) (a nonprofit organization) and its wholly owned subsidiary, as of December 31, 2008 and 2007, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These consolidated financial statements are the responsibility of Community Renewal International, Inc.'s (formerly Shreveport-Bossier Community Renewal, Inc.) management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Renewal International, Inc. (formerly Shreveport-Bossier Community Renewal, Inc.) and its wholly owned subsidiary, as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2010, on our consideration of Community Renewal International, Inc.'s (formerly Shreveport-Bossier Community Renewal, Inc.) internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.



Cook & Morehart  
Certified Public Accountants  
June 30, 2010

Community Renewal International, Inc.  
(Formerly)  
Shreveport-Bossier Community Renewal, Inc.  
Shreveport, Louisiana  
Consolidated Statements of Financial Position  
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 155,779	\$ 195,551
Certificates of deposit		500,000
Contract and grants receivable	69,164	
Prepaid expenses	<u>775</u>	<u>59,583</u>
Total current assets	<u>225,718</u>	<u>755,134</u>
 Cash restricted for houses and building renovations		 63,934
 Fixed assets:		
Land	333,899	333,899
Office furniture and equipment	48,688	60,006
Residential houses and improvements	1,485,139	1,407,319
Other buildings	789,662	789,662
Vehicles	143,981	145,162
Leasehold improvements	24,693	1,572
National center - land and building	<u>2,362,754</u>	<u>2,362,754</u>
	5,188,806	5,100,374
Less accumulated depreciation	<u>(503,475)</u>	<u>(495,039)</u>
 Net fixed assets	 <u>4,685,331</u>	 <u>4,605,335</u>
<b>Total assets</b>	<b><u>\$ 4,911,049</u></b>	<b><u>\$ 5,424,403</u></b>
 <b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 17,839	\$ 162,272
Accounts payable - payroll related	144,498	518,337
Accrued expenses	11,173	10,682
Lines of credit	153,800	93,442
Current portion of long-term debt	<u>528,082</u>	<u>552,794</u>
Total current liabilities	<u>855,392</u>	<u>1,337,527</u>
 Long-term debt, less current portion	 <u>2,283,709</u>	 <u>2,202,920</u>
 <b>Total liabilities</b>	 <u><b>3,139,101</b></u>	 <u><b>3,540,447</b></u>
 Net assets:		
Unrestricted	1,733,308	1,724,350
Temporarily restricted	38,640	159,806
Total net assets	<u>1,771,948</u>	<u>1,883,956</u>
 <b>Total liabilities and net assets</b>	 <u><b>\$ 4,911,049</b></u>	 <u><b>\$ 5,424,403</b></u>

The accompanying notes are an integral part of the financial statements.

Community Renewal International, Inc.  
*(Formerly)*  
 Shreveport-Bossier Community Renewal, Inc.  
 Shreveport, Louisiana  
 Consolidated Statement of Activities  
 For the Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Total
<b>Revenues and Other Support:</b>			
Contractual revenue - grants	\$ 445,365	\$	\$ 445,365
Contributions	2,593,636		2,593,636
Rent income	27,600		27,600
Miscellaneous income	18,330		18,330
Interest income	17,980		17,980
Net assets released from restrictions:			
Satisfaction of restrictions	120,966	(120,966)	
Total revenues and other support	<u>3,223,877</u>	<u>(120,966)</u>	<u>3,102,911</u>
<b>Expenses and Losses:</b>			
Program services:			
Internal care unit program	656,816		656,816
Haven House program	76,352		76,352
Renewal Team	99,553		99,553
Other programs	574,134		574,134
Replication	598,113		598,113
Total program services	<u>2,004,968</u>		<u>2,004,968</u>
Supporting services:			
General and administrative	972,276		972,276
Development and fund raising	237,675		237,675
Total supporting services	<u>1,209,951</u>		<u>1,209,951</u>
Total expenses	<u>3,214,919</u>		<u>3,214,919</u>
Change in net assets	8,958	(120,966)	(112,008)
Net assets as of beginning of year	<u>1,724,350</u>	<u>159,608</u>	<u>1,883,958</u>
Net assets as of end of year	<u>\$ 1,733,308</u>	<u>\$ 38,640</u>	<u>\$ 1,771,948</u>

The accompanying notes are an integral part of the financial statements.

Community Renewal International, Inc.  
(Formerly)  
Shreveport-Bossier Community Renewal, Inc.  
Shreveport, Louisiana  
Consolidated Statement of Activities  
For the Year Ended December 31, 2007

	Unrestricted	Temporarily Restricted	Total
<b>Revenues and Other Support:</b>			
Contractual revenue - grants	\$ 701,548	\$	\$ 701,548
Contributions	2,125,242	186,997	2,312,239
Rent income	24,600		24,600
Miscellaneous income	6,381		6,381
Interest income	1,421		1,421
Net assets released from restrictions:			
Satisfaction of restrictions	100,052	(100,052)	
Total revenues and other support	<u>2,959,244</u>	<u>86,945</u>	<u>3,046,189</u>
<b>Expenses and Losses:</b>			
Program services:			
Internal care unit program	781,108		781,108
Haven House program	76,444		76,444
Renewal Team	121,637		121,637
Other programs	407,806		407,806
Replication	773,752		773,752
Total program services	<u>2,160,747</u>		<u>2,160,747</u>
Supporting services:			
General and administrative	426,119		426,119
Development and fund raising	243,148		243,148
Total supporting services	<u>669,267</u>		<u>669,267</u>
Total expenses	<u>2,830,014</u>		<u>2,830,014</u>
Change in net assets	129,230	86,945	216,175
Net assets as of beginning of year	<u>1,595,120</u>	<u>72,681</u>	<u>1,667,781</u>
Net assets as of end of year	<u>\$ 1,724,350</u>	<u>\$ 159,606</u>	<u>\$ 1,883,956</u>

The accompanying notes are an integral part of the financial statements.

Community Renewal International, Inc.  
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Shreveport, Louisiana  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2008

	Program Services				Total	General & Administrative	Development & Fund Raising	Total Expenses
	Haven House	Internal Care unit	Renewal Team	Other Programs	Replication			
Personnel	\$ 50,384	\$ 318,411	\$ 84,178	\$ 145,436	\$ 420,857	\$ 249,386	\$ 146,275	\$ 1,392,927
Payroll taxes & fringe benefits	4,861	49,033	4,211	23,413	62,328	31,040	8,822	183,808
Professional Fees	932	1,937	932	68,738	15,349	13,845	1,940	104,873
Contract Labor	5,200	66,045	7,500	117,426	30,290	1,400	1,390	229,251
Rent		9,650				3		9,653
Utilities	1,882	35,229	1,882	3,491		7,562	941	50,987
Repairs and maintenance		36,492		86	967	20,190	140	57,874
Computer	225	8,565	465	667	520	2,868	968	14,308
Interest Expense		11		128,151	117	45,981		172,260
Telephone	1,415	6,598	1,765	1,189	828	3,381	875	16,050
Travel and seminars		6,028	1,896	32,888	12,614	3,144	3,157	59,727
Special Trips & Events	2,723	15,100	2,341	4,130	744	2,433	19,185	46,656
Business meals	2,288	507	1,040	4,516	1,869	812	4,706	15,538
Supplies and office expense	2,918	29,402	5,342	4,857	3,342	7,414	3,223	56,288
Postage	983	2,462	4,170	1,528	363	19,101	10,587	39,194
Printing and Copying	1,503	3,987	2,893	7,342	220	34,040	34,913	84,908
Insurance		31,285		24,430	840	6,410	48	63,013
Depreciation		35,790		6,421		6,032		48,243
Other	36	73	36	24		1,158	18	1,345
Equipment	902	2,173	902	602		1,571	487	6,637
Subrecipient pass thru					46,864			46,864
Donations						514,705		514,705
<b>Total</b>	<b>\$ 76,352</b>	<b>\$ 656,816</b>	<b>\$ 89,553</b>	<b>\$ 574,134</b>	<b>\$ 688,113</b>	<b>\$ 972,276</b>	<b>\$ 237,675</b>	<b>\$ 3,214,919</b>

The accompanying notes are an integral part of the financial statements.

Community Renewal International, Inc.  
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Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2007

	Program Services				Total	
	Internal Care Unit	Haven House	Renewal Team	Other Programs	Program Services	General & Administrative
Personnel	\$ 395,728	\$ 55,835	\$ 75,206	\$ 61,178	\$ 403,871	\$ 151,098
Payroll taxes & fringe benefits	61,715	3,736	6,157	6,114	54,864	8,598
Professional fees	2,390	1,085	6,189	85,833	4,100	1,302
Contract labor	74,898	4,117	15,000	20,000	20,000	120
Other entities				259,541		
Rent	9,850				9,850	1
Utilities	37,571	2,713	2,713	1,129	44,126	1,163
Repairs and maintenance	28,428			85	29,240	104
Computer	11,498	161	381	126	12,366	957
Interest expense				138,543	138,543	50,211
Telephone	6,801	1,358	1,958	314	11,069	2,237
Travel and seminars	7,424	15	159	6,580	39,428	861
Special events	31,023	1,340	1,513		34,803	2,865
Business meals	723	1,038	470	853	4,715	16,053
Supplies and office expense	24,156	2,068	3,959	775	31,523	10,954
Postage	3,321	852	5,036	185	657	6,842
Printing and copying	3,104	1,028	1,721	31	9,553	7,918
Insurance	34,015			14,540	5,885	34,281
Equipment	8,546	1,014	1,080		49,448	67
Depreciation	38,639			71,740	10,650	438
Other	172	85	85		111,563	
					342	37
<b>Total</b>	<b>\$ 781,108</b>	<b>\$ 76,444</b>	<b>\$ 121,637</b>	<b>\$ 407,806</b>	<b>\$ 773,752</b>	<b>\$ 243,148</b>
					<b>\$ 2,160,747</b>	<b>\$ 428,119</b>
						<b>\$ 2,830,014</b>

The accompanying notes are an integral part of the financial statements.



Community Renewal International, Inc.  
(Formerly)  
Shreveport-Bossier Community Renewal, Inc.  
Shreveport, Louisiana  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Operating activities</b>		
Change in net assets	\$ (112,008)	\$ 216,175
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Donated residential house		(255,000)
Depreciation	48,243	116,151
Contributions restricted for residential houses	63,934	(63,934)
(Increase) decrease in operating assets		
Accounts receivable	(9,581)	100,654
Increase (decrease) in operating liabilities		
Accounts payable	(518,272)	(226,523)
Prepaid expenses	(775)	
Accrued expenses	491	(4,916)
Net cash provided by (used in) operating activities	<u>(527,988)</u>	<u>(117,393)</u>
<b>Investing Activities</b>		
Payments for fixed assets	(128,239)	(58,211)
Purchases of certificates of deposit		(500,000)
Proceeds from certificates of deposit	500,000	
Net cash (used in) investing activities	<u>371,761</u>	<u>(558,211)</u>
<b>Financing Activities</b>		
Net increase (decrease) in line of credit	60,358	(1,818)
Proceeds from long-term debt	619,145	1,078,173
Payments on long-term debt	(563,068)	(316,082)
Investment in building		
Net cash provided by financing activities	<u>116,435</u>	<u>760,293</u>
<b>Net increase (decrease) in cash</b>	<b>(39,772)</b>	<b>84,689</b>
<b>Cash as of beginning of year</b>	<b><u>195,551</u></b>	<b><u>110,862</u></b>
<b>Cash as of end of year</b>	<b><u>\$ 155,779</u></b>	<b><u>\$ 195,551</u></b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	<u>\$ 172,260</u>	<u>\$ 185,248</u>
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities</b>		
Donated fixed assets	<u>\$ -</u>	<u>\$ 255,000</u>

The accompanying notes are an integral part of the financial statements.

Community Renewal International, Inc.  
(Formerly)  
Shreveport-Bossier Community Renewal, Inc.  
Shreveport, Louisiana  
Notes to Consolidated Financial Statements  
December 31, 2008 and 2007

(1) Summary of Significant Accounting Policies

A. Nature of Activities

During 2007, Shreveport-Bossier Community Renewal, Inc. changed its name to Community Renewal International, Inc.

The accompanying consolidated financial statements include the financial position and operating activities of Community Renewal International, Inc. (CRI) and its wholly owned subsidiary, Shreveport Property, Inc. until February 27, 2007. On February 26, 2007, Shreveport Property, Inc. was merged into National Center For Community Renewal, L.L.C., a Louisiana limited liability company, with the LLC being the surviving entity. CRI owns all of the membership interests of the LLC. All significant interorganization transactions and balances have been eliminated.

Community Renewal International, Inc. (formerly Shreveport-Bossier Community Renewal, Inc.) is a private nonprofit organization incorporated under the laws of the State of Louisiana.

National Center For Community Renewal, L.L.C., is a Louisiana limited liability company whose activities consist of owning and operating real estate properties.

The CRI's bylaws indicate that its primary purpose is to rebuild the system of caring relationships necessary to restore a safe, loving, and nurturing community.

The following significant program services are included in the accompanying financial statements:

Internal Care Unit – A strategy of CRI that restores disintegrating neighborhoods by moving leaders to live in the neighborhood to establish Friendship Houses that provide structured programs for children and youth and serve as catalysts to link the neighborhood residents with resources in the community and rebuild the capacity of the neighborhood.

Haven House – A program to prepare a network of volunteer leaders to develop safe and caring neighborhoods block-by-block throughout our communities. Seven hundred leaders have been identified on neighborhood blocks across the socio-economic spectrum. These leaders are trained and empowered to systematically reach out to their neighbors, making their neighborhoods safer and more caring.

Renewal Team – A city-wide strategy to unite businesses, churches, civic groups, residents and others as caring partners building a stronger city. The Renewal Team makes the positive aspects of modern life more obvious. These efforts help people to take pride in their community and feel empowered to continue helping others with caring acts.

Replication – The process of teaching other individuals and organizations how to replicate the CRI model of community renewal in their own communities; providing technical assistance to other groups involved in this endeavor.

Other Programs – This includes the activities of Operation Hope, the Discipleship Today Ministry, and International Relations.

(Continued)

Community Renewal International, Inc.  
(Formerly)  
Shreveport-Bossier Community Renewal, Inc.  
Shreveport, Louisiana  
Notes to Consolidated Financial Statements  
December 31, 2008 and 2007  
(Continued)

**B. Basis of Accounting**

The financial statements of CRI have been prepared on the accrual basis of accounting.

**C. Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. CRI's net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CRI and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met by actions of CRI and/or the passage of time.

**D. Income Tax Status**

CRI is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to CRI's tax-exempt purpose is subject to taxation as unrelated business income. CRI had no significant income for this audit period subject to taxation as unrelated business income resulting in income tax expense.

**E. Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**F. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, CRI considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued)

Community Renewal International, Inc.  
(Formerly)  
Shreveport-Bossier Community Renewal, Inc.  
Shreveport, Louisiana  
Notes to Consolidated Financial Statements  
December 31, 2008 and 2007  
(Continued)

**G. Fixed Assets**

Fixed assets are carried at cost or, if donated, at the approximate fair value at the date of donation. CRI capitalizes items with an individual cost of \$1,000 or more as fixed assets. Depreciation is computed using the straight-line and accelerated methods over the estimated useful life of the assets as follows:

Office furniture and equipment	5 – 10 years
Residential houses and improvements	10 – 40 years
Other buildings	30 years
Vehicles	5 years
Leasehold improvements	10 years

Depreciation expense for the years ended December 31, 2008 and 2007 was \$48,243 and \$116,151, respectively.

**H. Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**I. Retirement Obligations**

The employees of CRI are members of the Social Security System. CRI also established a 403(b) retirement plan for eligible employees. No contributions were made by CRI into the plan for 2008 and 2007.

**J. Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**K. Contributed Items**

Contributed items are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

(Continued)

Community Renewal International, Inc.  
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Notes to Consolidated Financial Statements  
December 31, 2008 and 2007  
(Continued)

(2) Concentrations of Credit Risk

Financial instruments that potentially subject CRI to concentrations of credit risk consist principally of temporary cash investments. CRI maintains cash balances at financial institutions. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 during 2007 and \$250,000 at December 31, 2008. At December 31, 2007 CRI had cash balances that were not secured by FDIC insurance of \$353,764. At December 31, 2008, CRI had no cash balances that were not secured by FDIC insurance.

Concentrations of credit risk with respect to contract and grants receivable were limited due to the balance being comprised of amounts due from governmental agencies under contractual terms. As of December 31, 2008 and 2007, CRI had no significant concentrations of credit risk in relation to contract grants receivable.

(3) Certificates of Deposits

Certificates of Deposits totaling \$500,000 are included in the accompanying financial statements at December 31, 2007. The certificates bear interest ranging from 3.93% to 5.25% and have original maturities ranging from 12–13 months. These certificates of deposit are part of the collateral on a note payable due to a lender.

(4) Contracts and Grants Receivable

Various government agencies provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from those government agencies at December 31, 2008 and 2007, but not received until after that date.

(5) Lines of Credit

CRI had one line of credit at local a bank with an interest rate of 4.90% at December 31, 2008. CRI had two lines of credit at local banks with interest rates of 7.50% and 8.25% at December 31, 2007. The lines of credit are unsecured. Balances at December 31 are as follows:

	<u>2008</u>	<u>2007</u>
Lines of credit limit	\$ 200,000	\$ 100,000
Outstanding loan balances	153,800	93,442

Total interest expense incurred on the lines of credit for the years ended December 31, 2008 and 2007 was \$6,491 and \$9,014, respectively.

(Continued)

Community Renewal International, Inc.  
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Notes to Consolidated Financial Statements  
December 31, 2008 and 2007  
(Continued)

(6) Temporarily Restricted Net Assets

The temporarily restricted net assets represent donations and contractual revenue received for specific purposes which were not expended at December 31, 2008 and 2007.

(7) Contractual Revenue – Grants

During the years ended December 31, 2008 and 2007, CRI received revenue under contractual arrangements as follows:

	<u>2008</u>	<u>2007</u>
City of Shreveport	\$ 75,000	\$ 45,000
U.S. Small Business Administration	93,070	628,417
U.S. Environmental Protection Agency	—	7,558
State of Louisiana, Office of Community Services	—	20,000
U.S. Department of Housing and Urban Development	—	573
U.S. Department of Energy	254,690	—
U.S. Department of Justice	22,805	—
	<u>\$ 445,365</u>	<u>\$ 701,548</u>

The continued existence of these contracts are based on contractual renewals.

(8) Long-Term Debt

CRI had the following long-term debt at December 31:

	<u>2008</u>	<u>2007</u>
Note payable to a financial institution; interest rate of 2.0% on the first 60 payments of \$323 and 4.0% on the remaining 60 payments of \$344; final payment due August, 2013; secured by a residential house and land.	\$ —	\$ 20,441
Note payable to a financial institution; interest rate of 4.1%; 180 monthly installments of principal and interest of \$1,080 with final payment due August, 2018; secured by real estate.	—	110,980
Note payable to a bank; interest rate 2.00% above specified index rate, 9.25% at December 31, 2007; loan maturing March, 2012; secured by real estate.	—	115,976
Note payable to a bank; interest rate 6.25%; payable in 59 monthly payments of \$1,453 beginning May 25, 2007 with the final payment due April 25, 2010; secured by real estate.	—	149,862
Note payable to a bank; interest rate 6.50%; loan maturing October, 2008; monthly installments of principal and interest of \$1,000; the note is unsecured.	—	9,730

(Continued)

Community Renewal International, Inc.  
(Formerly)  
Shreveport-Bossier Community Renewal, Inc.  
Shreveport, Louisiana  
Notes to Consolidated Financial Statements  
December 31, 2008 and 2007  
(Continued)

Note payable to a bank; interest rate of 6.00%; 60 monthly installments of principal and interest of \$559; with final payment due April, 2008; secured by real estate.	-	30,427
Note payable to a bank; interest rate 7.50%; total payment including accrued interest due June 30, 2008; the note is unsecured.	-	7,825
Note payable to a bank; interest rate prime + 1.00%, 8.25% at December 31, 2007; payable in monthly payments of \$1,530 with final payment due January 30, 2009; the note is unsecured.	-	49,177
Note payable to a bank; interest rate 6.50%; payable in 59 regular payments of \$4,645; beginning July 25, 2008, final payment due June, 2013; secured by real estate.	610,823	-
Note payable to an insurance Company; interest rate 7.00%; payable in monthly installments of \$8,463, beginning March, 2007 maturing February, 2012; secured by real estate and certificates of deposit totaling \$500,000.	1,247,601	1,261,296
Notes payable to five different banks for \$100,000 at each bank; interest rates range from 6.00% to 7.25%; \$400,000 of the loans are due and mature in July and August of 2008. \$100,000 of the loans is due and matures in 2010. The loans are unsecured, but guaranteed by certain employees, board members and friends of CRI.	500,664	500,000
Note payable to the City of Shreveport under the Brownsfield revolving loan fund program of the U.S. Environmental Protection Agency; interest rate 2.45% payable in twenty (20) quarterly installments of \$28,639, beginning July 1, 2008; final payment in 2013; note is secured by a first mortgage on real estate.	<u>452,703</u>	<u>500,000</u>
Total long-term debt	2,811,791	2,755,714
Current portion of long-term debt	<u>( 528,082)</u>	<u>( 552,794)</u>
Long-term portion	<u>\$ 2,283,709</u>	<u>\$ 2,202,920</u>

Interest expense incurred on long-term debt for the years ended December 31, 2008 and 2007 was \$185,769 and \$176,234, respectively.

(Continued)

Community Renewal International, Inc.  
(Formerly)  
Shreveport-Bossier Community Renewal, Inc.  
Shreveport, Louisiana  
Notes to Consolidated Financial Statements  
December 31, 2008 and 2007  
(Continued)

Approximate maturities of long-term debt at December 31, 2008 are summarized as follows:

Year Ended December 31,	Amount
2009	\$ 528,082
2010	231,967
2011	136,724
2012	1,323,883
2013	591,135
	<u>\$ 2,811,791</u>

(9) Leases

CRI leases certain office space and equipment under operating leases. Rental costs for these leases for the years ended December 31, 2008 and 2007 was \$6,017 and \$5,793, respectively. Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year at December 31, 2008 were as follows:

2009	\$ 8,172
2010	6,071
2011	5,510
2012	5,323
2013	3,548
	<u>\$ 28,624</u>

(10) Accounts Payable—Payroll Related

This balance represents amounts due at December 31, 2008 and 2007, to employees of CRI and certain contract labor vendors for services rendered but not paid. An agreement was made between the employees and CRI in regards to the amount shown as accounts payable—payroll related.

(11) Related Party

CRI borrowed \$240,000 during 2006 and \$475,000 during 2007 from an insurance company of which a board member of CRI is part owner. These two loans were incurred to purchase real estate.

On January 10, 2007, CRI transferred two different real estate properties to the National Center for Community Renewal, L.L.C. CRI owns all the membership interests of this LLC. The two mortgages on the properties were also transferred to the LLC.

On February 16, 2007, a new promissory note for \$1,272,000 was obtained between the National Center for Community Renewal, L.L.C. and an insurance company, of which a board member of CRI is part owner. This new loan paid off the previously mentioned two mortgages and provided approximately \$560,000 of funding to be used for payment of renovations and operations.

(Continued)



Community Renewal International, Inc.  
(Formerly)  
Shreveport-Bossier Community Renewal, Inc.  
Shreveport, Louisiana  
Notes to Consolidated Financial Statements  
December 31, 2008 and 2007  
(Continued)

(12) Commitments

CRI entered into a contract for architectural services totaling \$200,000. Amounts incurred and paid under this contract at December 31, 2008 was \$66,667. The remaining contract will be incurred subsequent to December 31, 2008.

(13) Concentrations

CRI receives contributions from various donors throughout the United States. One donor contributed approximately 32% of the total revenues and other support during the year ended December 31, 2008.

## COOK & MOREHART

*Certified Public Accountants*

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Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed In Accordance With Government Auditing Standards

To the Board of Directors  
Community Renewal International, Inc. (Formerly)  
Shreveport-Bossier Community Renewal, Inc.  
Shreveport, Louisiana

We have audited the financial statements of Community Renewal International, Inc. (formerly Shreveport-Bossier Community Renewal, Inc.) (a nonprofit organization) as of and for the year ended December 31, 2008, and have issued our report thereon dated June 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Renewal International, Inc.'s (formerly Shreveport-Bossier Community Renewal, Inc.) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Renewal International, Inc.'s (formerly Shreveport-Bossier Community Renewal, Inc.) internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Community Renewal International, Inc.'s (formerly Shreveport-Bossier Community Renewal, Inc.) internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiency described in the accompanying schedule of current year findings, as 2008-1, to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

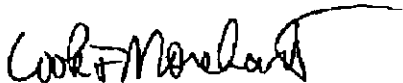
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Renewal International, Inc.'s (formerly Shreveport-Bossier Community Renewal, Inc.) financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current year findings as item 2008-2.

Community Renewal International, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of current year findings. We did not audit Community Renewal International Inc.'s response and, accordingly we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart  
Certified Public Accountants  
June 30, 2010

Community Renewal International, Inc.  
(Formerly)  
Shreveport-Bossier Community Renewal, Inc.  
Shreveport, Louisiana  
Summary Schedule of Prior Year Audit Findings  
December 31, 2008

**Prior Year Audit Findings:**

There were no findings related to federal award programs in the prior year audit for the year ended December 31, 2007.

**2007 – B1**

**FINANCIAL MANAGEMENT SYSTEM – BUDGET**

*Condition:* Community Renewal International, Inc. (CRI), owed its employees and certain contract labor vendors for services rendered but not paid. At December 31, 2007, the amount owed was \$518,337. CRI did not have a financial management system implemented in regards to budgeting revenues and expenses.

*Criteria:* A financial management system should be implemented to allow for effective budgeting to monitor revenues and expenses to avoid overspending current resources.

*Effect:* Ineffective budgeting of revenues and expenses has created difficult cash flow and resulted in CRI owing employees and certain contract labor vendors for services rendered but not paid.

*Recommendation:* We recommend that CRI develop an effective financial management system that will allow a proper budget to be developed that will minimize likelihood of overspending current resources.

*Current Status:* See current year audit findings.

**2007 – B2**

**FINDING – STATE AUDIT LAW**

*Statement of Condition:* Community Renewal International, Inc. (CRI) did not submit its audit report for the year ended December 31, 2007 within six months of its year end as required by state law.

*Recommendation:* We recommend that CRI implement procedures to ensure that the audit report is submitted in accordance with state law.

*Current Status:* See current year audit findings.

(Continued)

Community Renewal International, Inc.  
(Formerly)  
Shreveport-Bossier Community Renewal, Inc.  
Shreveport, Louisiana  
Schedule of Current Year Findings  
December 31, 2008  
(Continued)

**Current Year Findings:**

**2008 –1**

**FINANCIAL MANAGEMENT SYSTEM – BUDGET**

*Condition:* Community Renewal International, Inc. (CRI), owed its employees and certain contract labor vendors for services rendered but not paid. At December 31, 2008 the amount owed was \$144,498. CRI did not have a financial management system implemented in regards to budgeting revenues and expenses.

*Criteria:* A financial management system should be implemented to allow for effective budgeting to monitor revenues and expenses to avoid overspending current resources.

*Effect:* Ineffective budgeting of revenues and expenses has created difficult cash flow and resulted in CRI owing employees and certain contract labor vendors for services rendered but not paid.

*Recommendation:* We recommend that CRI develop an effective financial management system that will allow a proper budget to be developed that will minimize likelihood of overspending current resources.

*Response:* During September 2008, Community Renewal International received a special donation which allowed all of the wages that were due at December 31, 2007 to be paid. The amount shown at December 31, 2008 consists of 2008 balances due to the coordinator and associate coordinator.

**2008 – 2**

**FINDING – STATE AUDIT LAW**

*Statement of Condition:* Community Renewal International, Inc. (CRI) did not submit its audit report for the year ended December 31, 2008 within six months of its year end as required by state law.

*Recommendation:* We recommend that CRI implement procedures to ensure that the audit report is submitted in accordance with state law.

*Response:* Community Renewal International will make every effort to submit all their audits in a timely manner in the future.